

APPLICATION # CL1- 00508-1

STAFF ANALYSIS

FEASIBILITY:

Project Scope: The project will partially demolish existing interior office space and improve a covered, exterior portion of a building to provide a new hESC shared laboratory. The description of the work includes interior demolition of walls, ceiling, and flooring; re-configuration of building systems including HVAC, electrical, telecommunications, and water; abatement of hazardous materials (asbestos, transit, etc.) where applicable; construction of new walls, doors, and windows, ceilings and flooring; and installation of new building systems connections and fixed equipment. An architectural floor plan details how the existing exterior space and interior office space will be reconfigured into a laboratory suite.

The proposed improvements involve 1,680 gross square feet (gsf) that will be developed into nine rooms totaling 1,279 assignable square feet (asf). The difference between gross and assignable is the thickness of the walls and construction of a new building corridor to provide access to the rooms which are planned in a linear orientation. A rough take-off from the drawings confirmed the square footages provided.

Project Management: The proposal indicates that construction management processes are in place at the institution with appropriate institutional management support.

COST:

The construction amount is provided as a lump sum amount of \$835,071. No information is available as to the breakdown of costs by building systems or budget category. The design fees, administrative costs and project contingency amount to \$150,314 and represent 18 percent of the construction amount which is within the RFA budget guidelines of 25 percent.

The overall cost per asf for the renovation work is \$770. To convert this to a comparable figure for gross square feet (gsf) in a typical research-intensive building, one would assume an overall building efficiency of assignable-to-gross area of 60 percent. Thus, the 1,680 asf would equate to 2,800 gsf if one considers the full complement of building space (e.g. the gross building area including circulation and support) constructed to support the area to be renovated. Using this calculated gross area, the cost per gsf would amount to \$352/gsf. This provides a more meaningful comparison to new laboratory building construction costs. We conclude that the average cost for new laboratory construction would be about \$600/gsf, excluding land and site utilities. This amount would vary widely within California, but is being used here as an indicator of new construction value for comparative purposes. Based on this comparison, we conclude that

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the renovation work represents about 60 percent of the cost of new laboratory space. Capital budget guidelines indicate that costs should not exceed about 65 percent of new construction in order to be considered a reasonably good investment to provide new programmatic space.

The applicant indicates that the shared laboratory would be able to accommodate the NIH-free laboratory space needs for 12 institution-based Principal Investigators (PIs). Considering only the 12 institutional-based PIs, the cost per PI would be about \$82,000. Based on CIRM funding only (construction and equipment) the cost per institutional-based PIs is \$164,878.

The applicant has committed to addressing cost overrun through possible scope reductions or re-bid strategy. No additional funds have been made available.

TIMELINE:

The project schedule indicates that preliminary plans, working drawings and bidding activities will take 10 months to complete. Construction will take 11 months to complete. The plan is to complete construction by February 2009 (21 months), assuming the grant is awarded in May 2007. However, an award would not occur sooner than July 2007, so the completion date may actually be April 2009 unless institutional funding of planning activities is proposed.

INSTITUTIONAL COMMITMENT:

The applicant indicates matching funds of \$880,392 consisting of (1) prior expenditures of \$440,196 that was expended since January 2005 to equip a laboratory for a new researcher engaged in hESC work. A second recruitment is planned, so a like amount of investment to be committed to this recruitment is also cited as a matching amount. We would note that a considerable portion of the matching funds are for costs other than renovations and equipment. An amount of \$90,000 is identified for “cell culture consumables” including stem cell lines which is not an allowable category of matching funds. Moreover, it is unclear whether the planned second recruitment would be supported with a like amount of institutional investment in view of the fact the CIRM shared laboratory could be underway and the added institutional investment may not be needed with the CIRM laboratory operational.

The minimum grant matching amount for this grant would be \$395,700 which would be confirmed as part of the grant award process.

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HISTORICAL PERFORMANCE:

Data for three projects completed between April of 2003 and June of 2006 were submitted in support of the applicant's historical performance on capital projects. These projects range in cost from \$2.6 million to \$22.5 million. The final costs for these projects compared to the original budgets varied from 4 percent over budget to 24 percent over budget. The actual completion of the projects varied from the scheduled completion, with completions six to nine months later than planned. The number of change orders on these projects ranged from 5 to 10 with the value of the change orders being a credit of \$116,000 in one case to an additional cost of \$1.9 million in the other.

The applicant indicates that there has been only one laboratory renovation project undertaken in the last two years with a total value of \$2.6 million.

RESPONSIVENESS:

Shared Laboratory: The applicant indicates that there are 12 researchers based at the host institution that are planning to undertake hESC research activities once additional NIH-free space is available. An additional 11 Principal Investigators (PIs) are cited as being potential users of the facility. We would note that some of these potential users will overlap with other shared laboratory applications in this area.

Techniques Course: The applicant has not requested funding for a Stem Cell Techniques Course.

Facilities Work Group Issues

1. **Matching Funds**—How will the Facilities Working Group address matching funds cited as prior expenditures that are not for either equipment or renovations amounting to \$90,000?
2. **Matching Funds**—How will the FWG resolve matching funds associated with a planned future expenditures related to recruitment of a new PI at this institution?
3. **Cost**—How will the FWG resolve the cost overruns that may result in a reduction of project scope?

The grant management office will need to confirm that all conditions of the grant as indicated in the Grants Administration Policy have been met. This would include confirming that all past work is consistent with grant requirements for prevailing wage and other construction-related requirements. This includes confirmation that equipment funds are budgeted pursuant the Grants Administration Policy as adopted December 7, 2006.